



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: HB 333 HLS 09RS 480

Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 24, 2009	2:56 PM	Author: KLECKLEY
Dept./Agy.: Insurance		
Subject: Named-storm deductibles		Analyst: Travis McIlwain

INSURANCE/HOMEOWNERS

OR SEE FISC NOTE GF RV

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Provides for limitations on named-storm, hurricane, and wind and hail deductibles

Proposed legislation provides that any separate deductible that applies in place of any other deductible to loss or damage resulting from a named-storm or hurricane shall be applied on an annual basis to all named-storm or hurricane losses that are subject to hurricane/named storm deductibles. Proposed legislation also provides that if an insured incurs named-storm or hurricane losses from more than one named storm or hurricane during a calendar year (subject to separate deductibles), the insurer may apply a deductible to the succeeding named storms or hurricanes that is equal to the remaining amount of the separate deductible or the amount of the deductible that applies to all perils other than a named storm or hurricane, whichever is greater.

Effective upon governor's signature.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

While this bill appears to shift some risk back to insurance companies from policyholders, the bill does not directly change premium tax base or rate. Thus, the bill would not be expected to directly change premium tax collections.

However, the Department of Insurance (DOI) suggests such a change could increase homeowners premiums by approximately 1.5% due to insurers attempting to cover risks with premium increases that are now covered by separate named storm deductibles. According to DOI, in 2007 homeowners paid approximately \$1.4 billion in homeowners premiums (property & casualty/surplus lines). The DOI projects a premium growth factor of approximately 6%, which is applied to the 2007 base to project a 2010 premium base of \$1.7 billion. To the extent this bill results in higher policy premiums (a 1.5% possible increase suggested by the DOI), premiums paid in 2010 might be some \$25.5 million higher than otherwise. Based upon an effective property and casualty tax rate of 1.8%, which is the tax rate after authorized credits are applied, and surplus lines tax rate of 5%, a \$25.5 million increase in premiums could result in additional premium tax collections of approximately \$0.5 million in FY 11.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	Gregory V. Albrecht Chief Economist